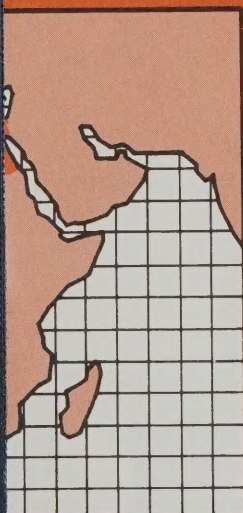


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Country Profile

Egypt

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Country Profile

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Canada



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COUNTRY PROFILE

. Official name	Arab Republic of Egypt
. Capital	Cairo
. Topography	Desert, with coastal hills and mountains
. Climate	Arid
. Principal crops	Cotton
. Resources	Oil, phosphates, iron ore, manganese, limestone, tourism
. Official language	Arabic
. Other languages spoken	Nubian, English, French, German
. Ethnic groups	Egyptian, Bedouin, Nubian
. Religions	Islam, Christianity
. Date of independence	1952

Comparative data

Egypt

Canada

. Area	1 million sq. km.	9.9 million sq. km.
. Population (mid 1983)	45.2 million	24.9 million
. Average population density	45 people per sq. km.	2.5 people per sq. km.
. Urbanization	45%	75%
. Population growth rate (1973-1983)	2.5%	1.2%
. Life expectancy at birth (1983)	58 years	76 years
. Infant mortality rate	102 per 1,000 live births	9 per 1,000 live births
. Daily per capita calorie supply as percentage of requirement (1982)	128%	129%
. Adult literacy rate	44%	99%

	<u>Egypt</u>	<u>Canada</u>
. Primary school enrolment		
Total	78%	104%
boys	90%	105%
girls	65%	103%
. Percentage of labor force in (1981)		
agriculture	50%	5%
industry	30%	29%
services	20%	66%
. % of population of under 15 (1983)	39.7%	23.2%
. Gross national product per capita (1983)	U.S. \$700	U.S. \$12,310
. GNP average annual growth rate (1965-1983)	4.2%	2.5%
. Inflation rate (1973-1983)	13.2%	9.4%
. External public debt as % of GNP	49.4%	1.35%
. Debt service as % of GNP	6.5%	4.96%
. Current account balance (\$US)	\$-785 million	\$1,380 million
. Principal exports	Petroleum, cotton, manufactured goods	
. Principal imports	Foodstuffs, machinery and transport equipment, paper and wood products	
. Exports to Canada (1984)	Crude petroleum, cotton, yarn and thread	
. Imports from Canada	Wheat, asbestos, coal, lumber, softwood, newsprint, wood pulp, aircraft and engines, railway and street rolling stock	
. Principal trading partners	United States, West Germany, Italy, U.S.S.R., Netherlands	

COUNTRY PROGRAMS

In 1976, Canada identified Egypt as a country for major assistance, because it is a middle income country with significant potential for development, due to its natural resources and government policies that support development objectives. In addition Canada's development program in Egypt supports the expansion of Canadian commercial activity in the Middle East and Africa, by introducing Canadian goods and services and exposing Canadian companies to the Egyptian market.

Since 1976 Canada's aid program in Egypt has grown rapidly. As of the end of the 1984-85 fiscal year, disbursements totalled \$136.3 million (including \$19.1 million in food aid), and have averaged about \$20 million annually in the last few years.

This assistance is provided bilaterally (under government-to-government agreements), but Canadian aid also reaches Egypt through multilateral organizations and through various non-governmental channels. Details of these other forms of assistance are provided under the headings of Special Programs, Business Cooperation, and Multilateral Assistance.

BILATERAL PROGRAM

Initially bilateral assistance to Egypt took the form of food aid (wheat and milk powder), with a total value of \$17 million provided from 1976 to 1978. Since 1977 CIDA has been heavily involved in the transportation and energy sectors. Under a \$26.4 million loan and \$5 million grant, CIDA has been assisting Egypt to improve its land transport system through increased capacity on the railway network. The loan is part of a larger package involving Canada's Export Development Corporation (EDC), and to date 258 railway locomotives have been provided. The grant portion is for technical assistance and training.

CIDA also extended a \$25 million loan in 1978 to enable Egypt to purchase Canadian equipment for electrification in rural areas of three Governorates in the Nile valley and delta. Also, Egyptian engineers and technicians employed by power utilities have received training in Canada.

Under the current program of bilateral assistance to Egypt, activities are concentrated in the three sectors of energy, agriculture/food security, and transportation. Training of Egyptians in all of these sectors is an integral part of Canadian participation and contributes to development of the country's human resource potential. Details of current bilateral projects follow in the descriptions of key sectors.

Energy

Oil consumption in Egypt is increasing faster than production, due partly to government subsidies which keep the domestic price of oil products well below world prices. In addition, revenues from petroleum exports have been affected by the fall in prices on the international market. The government's current Five Year Plan (1982-87) places particular emphasis on the hydrocarbons sector, with budget allocations

to increase the production of petroleum and natural gas. The country is also working to expand electrical power capacity; nuclear power is being emphasized over hydropower due to the questionable availability of water.

Canada is assisting Egypt in its efforts to increase the availability of electricity in the industrial and rural sectors. In addition to the previously mentioned loan for rural electrification, CIDA has allocated a \$14.5 million loan and a grant of \$7.5 million to complement an EDC loan for financing the supply and installation of up to \$85 million worth of Canadian equipment and services to connect the Shoubrah El Kheima power station in Cairo into the national grid. The 1,000 MW thermal power station at Shoubrah is to be interconnected to the grid through the installation of underground cables and a 500 KV substation. The grant will cover the technical assistance required to carry out the design, supervision and training necessary to ensure successful completion of the project.

Several other major projects are also being implemented in the energy sector, including an \$11.9 million program to assist the Egyptian Electricity Authority by providing training in Egypt and Canada for technicians, engineers and instructors, and a \$4.6 million project to rehabilitate a low-head hydroelectric power station in the El Faiyum oasis.

Agriculture and Food Security

As noted earlier, Egypt faces the acute problem of an increasing population looking for food, with the result that overall food imports have risen alarmingly. The area of land available for agricultural purposes is also being reduced by the rapid expansion of urban settlements. Different strategies are being adopted to deal with the problem. Under the World Bank's auspices a major program of tile drainage development has started. New irrigation schemes drawing particularly on the waters stored behind the Aswan Dam have added significantly to the amount of arable land. In addition, much land has simply been reclaimed from the desert.

Canada's contribution to this effort is the proposed Integrated Soil and Water Improvement Project (ISAWIP), which addresses the constraints to increased agricultural productivity on some 35,000 hectares of prime land in the Daqahliya Governorate of the Nile Delta. Improvements to irrigation and drainage works, sub-surface drainage, soil treatment, agronomic work and improved extension services are to be included in this \$48.4 million project. Data collection is under way and will provide topographic mapping, soil survey and water balance data and other information necessary for implementation of the project.

Another project involves an Agriculture Response Program, established with a \$5 million fund for small and medium sized projects aimed at increasing agricultural productivity and efficiency. The fund is to be administered by the Ministry of Agriculture in Cairo with assistance from CIDA.

CIDA financing of \$20.7 million will also cover the supply of storage silos, each with a 30,000-tonne capacity, at Shibim El Kom, Mansura, and Zagazig.

Transportation

Transportation facilities in Egypt follow the pattern of settlement along the Nile. The major line of the nation's 4,700 kilometre railway network runs from Alexandria to Aswan. Other important lines run along the north coast to the Libyan border and eastward to the Suez Canal. More than 22,500 kilometres of roads cover the Nile valley and delta and the Red Sea coast. The Nile River system (about 1,600 kilometres) plus another 1,600 kilometres of canals are extremely important for inland transport. The main needs in the sector are to achieve better coordination of the different modes of transport, better use of existing capacities, improvement and expansion of repair and maintenance facilities, and adequate provision of spare parts.

CIDA has entered Phase III of the Locomotives Project begun in 1977. It involves the provision of workshop training and technical assistance for locomotive maintenance.

Water and Sanitation

Although Egypt is a middle-income country and per capita income continues to increase, there is still a pressing need to upgrade public health facilities and social services. Only two-thirds of the population have access to safe drinking water, for example.

A water and sewerage project worth \$1.5 million, begun in 1985, is preparing a master plan for water supply and sewerage for 2.5 million inhabitants in a 1,000-square kilometre area of Giza Governorate adjacent to Cairo. Also, feasibility studies for priority projects identified in the plan will be completed.

Multi-sector projects

CIDA has approved a line of credit of \$20 million to be used in parallel with EDC loan funds for financing Canadian supplies in the Egyptian market. These funds are available for goods, equipment and services to be used for developmental purposes consistent with Egypt's Five-Year Plan. CIDA also provides familiarization tours of Canadian industry for senior Egyptian officials concerned with agriculture and energy.

Mission-Administered Funds

Canadian embassies and High Commissions in developing countries respond to requests from local community groups in need of funds for small projects. In the case of Egypt the maximum annual allowance is \$350,000. An example of such a project was the construction in 1983 of a badly needed health clinic for mothers and children; the embassy provided \$6,000 to the Garbage Collectors Association of Cairo for the project.

SPECIAL PROGRAMS

CIDA's Special Programs Branch responds to and encourages the international development initiatives of Canadian and international non-governmental organizations (NGOs) and institutions cooperating with counterparts in developing countries. One feature of most programs in the Branch is that they enhance contributions by the non-governmental participants in Canada and the developing country, so that the total value of a project is often much greater than the CIDA funding amount suggests.

In the ten years up to March 1985, CIDA's Special Programs contributed over \$1.75 million to non-governmental projects in Egypt. Most activities have involved rural development, especially primary health care, education and training, water supply, and general community development.

The Canadian organizations involved are religious groups (Canadian Catholic Organization for Development and Peace, Anglican and Presbyterian churches, World Vision, Canadian Lutheran World Relief), as well as the Canadian UNICEF Committee, Foster Parents Plan of Canada, Canadian Public Health Association, and the University of Winnipeg. Their activities in Egypt received Special Programs support totalling over \$350,000 for 1984-85. The following are some examples of the types of projects receiving funding.

Non-Governmental Organizations Division

Since 1977, the Canadian UNICEF Committee has supplied vaccines, equipment and training for Egypt's National Immunization Program, under which mass vaccination is carried out to protect children. The Foster Parents Plan of Canada sponsors a community development program to improve living conditions for families in a disadvantaged area of South Cairo. The Canadian Catholic Organization for Development and Peace has contributed to a large rural development program undertaken by the local Christian Association in Upper Egypt. Current support is for young women's education.

Institutional Cooperation and Development Services Division

The Canadian Public Health Association is implementing a three-year project with the Arab Society of Industrial Safety and Health (ASISH) to improve the work environment for Egyptians employed in both industry and agriculture. The ASISH will strengthen its capacity to promote worker health, and a pilot project for training workers is being undertaken. Also, the University of Winnipeg is working with the University of Alexandria on training in remote sensing techniques to inventory and monitor human and physical resources in Egypt. The Canadian Executive Service Overseas has provided Canadian co-operants for short-term technical assistance in Egypt.

Other Programs

In addition, Egypt benefits from certain non-governmental projects involving a number of countries. For example, the International NGO Division contributes to activities by the Association of African

Universities and a scientific publication program of the Agriculture Institute of Canada. The Voluntary Agricultural Development Aid program has contributed funds for Egyptians to attend a potato technology program for Third World farmers; the course was held in Nova Scotia, the province that sponsored it in conjunction with New Brunswick and Prince Edward Island.

BUSINESS COOPERATION

CIDA's Industrial Cooperation (INC) program was created in 1978 to assist the Canadian private sector in its efforts to become involved in the industrial development of Third World countries. The INC program is particularly active in Egypt in partnership with Canadian business enterprises. It provided financial assistance for the establishment of the Egypt-Canada Business Council. To date, the INC program has provided more than \$7 million to support activities in the following fields: solar heating, electrical wire production, corn milling, clothing manufacturing, kitchen cabinet and bathroom vanity manufacturing, fish processing, pre-fabricated buildings, water purification, furniture manufacturing, television production studios, a cement plant, agriculture/dairy production, educational equipment, urban transit, meat processing, oil spill control, informatics and vaccine production.

MULTILATERAL ASSISTANCE

Multilateral assistance involves the pooling of resources by donor countries which are members of international organizations like the World Bank, the regional development banks, the various agencies of the United Nations and so on. These organizations then use these resources in support of development projects in Third World countries. Multilateral assistance from all sources comprises about 23 per cent of total net official development assistance to Egypt. (Bilateral or government-to-government assistance accounts for the remainder).

For the five-year period from 1980 to 1984 inclusive, the African Development Bank (ADB) approved loans to Egypt totalling U.S. \$139.8 million, and its special loan fund, the African Development Fund (ADF) approved loans totalling U.S. \$48.9 million. The largest proportion of the lending was in the form of lines of credit extended through the Industrial Development Bank to small- and medium-sized industries. Financing was also allocated for the Shoubrah El Kheima power project (to which CIDA is also contributing bilateral assistance along with other participants), rural electrification and development, upgrading of facilities and teaching capability at the Cairo University Manial Hospital, and assistance for the control of bilharzia.

Canadian capital subscriptions to the ADB were \$11.71 million in 1984-85 and Canadian advances to the ADF were approximately \$32.2 million in 1984-85.

With respect to the World Bank, or IBRD, from 1980 to 1984 inclusive, the IBRD approved loans to Egypt totalling U.S. \$1.56 billion, while International Development Association (IDA) loan approvals for Egypt in 1980 and 1981 totalled U.S. \$412.6 million. As with the ADB, a large proportion (about 34 per cent) of the lending for the period was in the form of credits

to development banks for further financing of small- and medium-sized enterprises, in particular agro-industries, the construction industry, and exporters of manufactured goods. Direct assistance to the industrial sector was also emphasized with loans being provided for the modernization and rehabilitation of the steel-making, textile, and pulp and paper industries. Energy projects receiving assistance included the Shoubra El Kheima thermal power station, the Aswan hydropower station, and facilities being constructed for liquefied petroleum and natural gas production. Other loans were for reclamation of desert land, irrigation and drainage, construction of a new port at El Hikheila, upgrading of urban services, water supply and sewerage, and rehabilitation of telecommunications facilities.

The Canadian advance to IDA for 1984-85 was \$160.48 million; the capital subscription to the IBRD was \$39.75 million.

During the 1982-86 UN Development Programme (UNDP) planning cycle, UNDP spending in Egypt is expected to reach U.S. \$30.8 million with the main allocations being in agriculture, industry, transportation and communications, education, and health. Among some of the UNDP's larger projects in the country are the development of improved farming systems for the Nile Valley, soil improvement, and establishment of a water planning authority within the Ministry of Irrigation. Canada's contributions to the UNDP's regular worldwide programs have averaged \$52.4 million a year for the five years from 1980-81 to 1984-85.

Other UN agencies for which Canada provides regular program funding, and which are active in Egypt, are the UN Children's Fund (UNICEF) and the UN Fund for Population Activities (UNFPA). UNICEF allocated U.S. \$6.2 million for Egypt in 1983, mostly for rural water supply systems (\$4 million) and also for child survival activities (health, nutrition, immunization, promotion of breast feeding, and teaching oral rehydration). Canada's contribution to UNICEF's worldwide programs has averaged \$11.99 million a year from 1980-81 to 1984-85.

By the end of 1985, the UNFPA is expected to have spent U.S. \$9 million on projects for the 1981-85 period in Egypt. (The 1984 allocation was U.S. \$1.68 million). Activities include a large-scale community development project, where health care and family planning clinics were opened to provide services to remote areas, as well as programs to improve the practice of reporting demographic statistics and the management capability of the Population and Family Planning Board. Canada's contribution to UNFPA's worldwide programs has averaged \$9.13 million a year from 1980-81 to 1984-85.

Food aid, in addition to being provided under bilateral agreements, is also channeled to developing countries through the World Food Programme (WFP), a UN institution associated with the Food and Agriculture Organization. The WFP supports feeding programs for nutritionally vulnerable groups, and uses food aid in food-for-work projects to provide work and income for the unemployed. Canadian food aid supplied to Egypt through the WFP for the period from 1980-81 to 1984-85 has totalled \$25.9 million and has been provided in the form of flour, canned mackerel, and vegetable oil.

The International Fund for Agricultural Development (IFAD) is another multilateral organization that is involved in Egypt, which provides loans for the expansion and improvement of food production systems, with special emphasis on small farmers and landless laborers in developing countries. Canada has issued notes totalling \$42 million to IFAD over the 1980-81 to 1984-85 period. Since it began lending in 1978, IFAD has approved three loans for Egypt: U.S. \$22.8 million in 1980 for the establishment of small holder settlements for poor landless families in West Beheira; U.S. \$27.8 million in 1982 for agricultural development at Minya; and U.S. \$10.2 million in 1984 for an agricultural development project which is expected to benefit one-quarter of the rural population of the Fayoum Governorate.

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